



IMPROVING INVENTORY ACCOUNTING ON THE BASIS OF INTERNATIONAL STANDARDS

NIYAZMETOV MANSUR RUZMATOVICH¹
OSTONOKULOV AZAMAT ABDUKARIMOVICH²

¹ Rector, International School of Finance Technology and Science (ISFT) institute, Tashkent, Uzbekistan, director@isft.uz

² Professor, International School of Finance Technology and Science (ISFT) institute, Tashkent, Uzbekistan, prof.ostonokulov@gmail.com, ORCID: 0000-0003-2792-3174

Abstract. The stability of the economy directly depends on the continuous and efficient operation of production enterprises and their continuous supply of necessary commodity reserves. For this, there is a need to create fast and reliable information about the state and movement of inventory and provide users with this information. It is necessary to continuously improve the recognition, determination of their value, evaluation and accounting of inventories in production enterprises with modern development processes. This article presents scientific proposals and recommendations related to the values related to inventories in production enterprises, their creation, reflection as costs, improvement of the theoretical and methodological bases of accounting.

Key words: accounting, inventory, cost, value, cost, international standard, report.

Introduction

At the international level, a number of measures are being implemented in order to ensure the continuity of the production process and to achieve economic development, in order to improve the accounting of goods and material reserves in production enterprises. Especially in the conditions of globalization of the current economic crisis, the shortage of goods and material reserves in production enterprises is increasing, which has a negative effect on their financial stability. Therefore, it is one of the important tasks to establish the supply of goods and materials in production enterprises, to take them into account on time, and to reduce the cost of products. For this purpose, priority is being given to the implementation of scientific research on the management of inventory accounts based on international standards of financial reporting.

In the structural reform of national economic sectors and sectors, practical measures are being taken to organize inventory accounting in production enterprises based on international standards. In order to provide the necessary financial information for attracting foreign investments to production enterprises, "Joint-joint companies, commercial banks, insurance organizations and legal entities included in the category of large tax payers will, starting from January 1, 2021, conduct accounting based on international standards of financial reporting. and from the end of 2021, the task of preparing financial statements based on international standards"[2] is set. Realization of these important tasks is the formulation of scientific proposals and practical recommendations on improving inventory accounting in production enterprises based on the requirements of international standards, valuation of inventory at fair value in accounting, and ensuring effective use of inventory.



Literature review

The scientific-theoretical foundations of inventory accounting have been researched by a number of foreign and domestic scientists. For example, according to foreign scientists Z.I.Kruglyak and M.V.Kalinskaya, "production reserves are considered the main element of the organization's economic activity and play an important role in determining the financial status and economic potential, as they have a large weight in the composition of assets." [12].

J. Schreibfeder states that "effective management of reserves serves to satisfy consumer demands and maximize net profit" [15].

According to S. Sedki, A. Smith and A. Strickland, "inventory accounts should fully represent the expenses incurred by the enterprise and serve to provide complete information about the expected profit for investors." [14].

M.A. Vakhrushina stated that "reserves in international practice mean assets intended for production and consumption during the normal working period or for the purpose of production and sale of products" [10].

A.A.Karimov, F.R.Islomov and A.Z.Avlokulov, among the scientists of our country, focused on production reserves and cited the following points: "Production reserves ensure the normal continuation of the production activity of the economic entity." [11].

N. Rakhmanov touched on the composition of inventories and included the following: "Inventories: material assets at the first stage of capital circular circulation, that is, they have not yet been put into the production process and have not yet fully acquired their natural and material form. maintained production reserves; Livestock grown and fed for the purpose of transfer to the main herd or for sale, finished products from production; goods intended for sale; It consists of unfinished production, semi-finished and unusable products in production" [13].

M. T. Khaidarov came to the conclusion that "properties belonging to the organization and with a service life of no more than one year or used during one operational cycle are included in the inventory" [16].

Despite the research and theoretical research carried out within this topic, the issues of improving inventory accounting have not been fully studied in a comprehensive and integrated way. This situation determines the level of relevance of the researched scientific-practical problems and proposals and recommendations for their elimination.

Research methods

In researching the subject, grouping, comparison, scientific thinking, research objects, and methods of reporting the obtained results were used.

Analysis and results

In all enterprises in economic sectors, inventories are used in production and other economic processes, including raw materials and materials, fuel, farm equipment and inventories, etc. It is necessary to pay attention to the compliance with the standards of material reserves and the cost of material resources, components, components and units in production. If we consider their various classifications, we will learn more fully the economic character of inventories.

In modern market conditions, inventories are considered one of the most important resources that ensure the stability of enterprises and have a direct impact on the final result of activities, their size and level. It is worth noting that studying and understanding the nature of

inventories is one of the most important problems of accounting, and this is connected with a high level of practical necessity and their rational use by enterprises.

Enterprises are required to have a certain level of inventory, in which it is necessary to pay attention to the following:

- ensuring the independence of production activities, for example, reducing time losses with the help of inventories;

- ensuring the independence of workplaces. It is characterized by the need for stock to cover delays in the processing of products and ensure high consistency of the production process;

- the need to take into account changes in demand for products (keeping a certain stock of finished products);

- ensuring the flexibility of production activities (an increase in the time of preparation of the product for production, in turn, provides the possibility of planning a relatively uniform production process, producing a larger volume of finished products at lower costs);

- provide protection against fluctuations during the supply of raw materials;

- taking advantage of the economic size of the purchase order.

In order for enterprises to operate effectively, it is necessary to ensure a well-thought-out stock management policy, which includes the following stages.

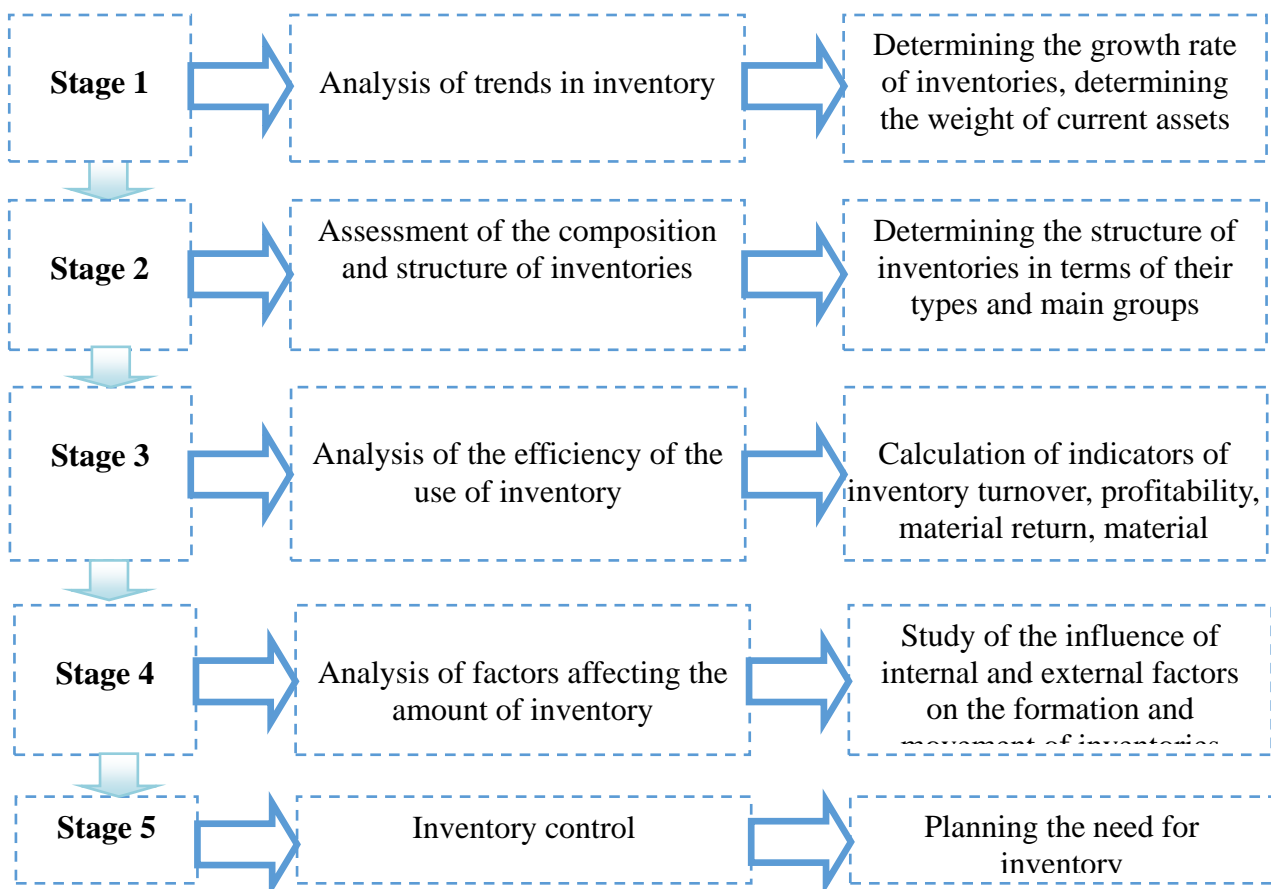


Figure 1. Stages of inventory accounting¹

¹Prepared by the author.



At the initial stage of inventory research, their dynamics for a certain period are studied, their weight in the volume of current assets is calculated.

In the second stage, the composition and structure of inventory is analyzed by comparing the indicators of the base and reporting period. The structural analysis shows the weight of all types of reserves in their total value, as well as their share in current assets. Horizontal and vertical analysis is used to study the structure of assets.

In the third stage, the indicators for evaluating the efficiency of the use of inventory are calculated. Such indicators include the following: stock turnover, material return, material capacity, supply of the enterprise with reserves, profitability of reserves, etc.

Analysis of factors, which is an important part of inventory management, allows determining the influence of external and internal factors on the formation and movement of production reserves.

The following should be included among external factors:

–influence of goods suppliers. This includes non-compliance with the terms of delivery of materials, violation of the terms of the contract;

– the influence of buyers, which is reflected in the change in the volume of demand.

Internal factors include factors that describe the impact of the production and economic environment in the organization. This group of factors includes lack of motivation and professional training of personnel, improper planning of the need for material resources, equipping with modern equipment for storing goods, etc. enters.

At the final stage, it is necessary to develop effective mechanisms for controlling the level of inventory. Studying the opinions of economists has shown that there are a number of problems related to the supply of commodity reserves.

Problems with supply of goods

that the employees of the enterprises engaged in the purchase of materials do not have sufficient information about the organizations that supply goods

absence of a formalized procedure for selecting goods suppliers

lack of specific criteria for assessing the amount of inventory

unexpected situations in the production process (differences in shift work, waiting, delays, technological delays)

production of a large volume of products

planned stoppage of production (breakdown of machines, replacement and re-adjustment of parts)

²Prepared by the author.



The study of the problems of inventory formation showed that many enterprises do not use the existing methods of inventory planning and control, and also do not always use the indicators of the efficiency of inventory management. These indicators describe the number of stock turnovers for the analyzed period, whether the enterprise is provided with reserves, in addition, the indicators can determine the excess of working capital. Analysis of the amount of reserves allows to determine the relationship between the availability of reserves and own working capital.

In particular, an increase in the amount of reserves leads to a decrease in the source of own funds of the economic entity. As a result, there is an increase in short-term debts. At the same time, stock turnover rates deteriorate, resulting in inefficient use of resources. In the future, this may lead to significantly higher than normal growth of excess reserves. Therefore, first of all, it is necessary to identify deviations in warehouse management in a timely manner, as well as to regularly analyze the indicators of the enterprise's supply of resources.

The problem of management of material resources is of great importance in terms of accounting for the use of material resources in production, analysis and control of raw materials, materials, fuel and energy costs.

To cover part of the costs, it is necessary to determine the directions of certain measures:

- sale of unused resources in the economic process;
- transferring excess resources to another department;
- replacement of material resources from the supplier of goods (replacement of resources purchased from this supplier of goods for other resources from this supplier of goods);
- return resources to the supplier at a reduced price;
- material handling and disposal.

Otherwise, it is required to classify the reserves and designate the persons responsible for their movement. Optimizing the level of reserves and finding a balance between the costs of their formation and storage requires excessive time and effort. Solving the problem of redundancy in the future requires an analysis of reserve indicators, as well as the financial capabilities of the enterprise, because excessively set standards require large costs.

The correct organization of inventory accounts requires strict adherence to its regulatory and legal basis. Inventories, first of all, the Law "On Accounting" focuses on the issues of inventory valuation[1]. In addition, in our country, national accounting standards have been developed for accounting for inventories.

In "Conceptual framework for preparation and presentation of financial statements" the reasons for reflecting inventories as assets are given. In particular, it is stated that they will bring economic benefit in the future. NAS No. 1 entitled "Accounting policy and financial reporting" presents the differences of inventories from long-term assets, the criteria for their reflection among current assets[3]. Also, this standard specifies the principles to be followed when reflecting inventory in accounting.

NAS No. 4 entitled "Inventories" is the main regulatory legal document on the topic under study. This standard describes the essence of the main concepts related to inventories. Also, this standard discloses the features of recognizing inventories, determining their cost, accounting for livestock, livestock, inventory and farm equipment. This standard also describes the procedure for disclosing information on inventories in financial statements.



According to NAS No. 4 entitled "Inventories", "inventories are held in the course of normal operations for the purpose of further sale and are available in the course of production, as well as in the course of producing products, performing work or providing services, or "material assets used for the implementation of administrative and socio-cultural tasks"[4].

Paragraph 96 of NAS No. 1 entitled "Accounting policy and financial reporting" stipulates "Clarification of information on inventory in the accounting policy". In accordance with the BHSS No. 2 entitled "Reserves", reserves are the following assets:

"intended for sale in the ordinary course of business;

was in the process of production for such sale;

in the form of raw materials or materials used in the process of production or provision of services»[3].

BHSS No. 1 "Presentation of Financial Statements", similar to NAS No. 1 "Accounting Policy and Financial Reporting", provides general rules for the reflection and evaluation of inventories in accounting[5]. In accordance with this standard, it is noted that the cost of inventory in the supply, production and sales processes differs from each other.

A special procedure is used in BHSS No. 11 entitled "Contract Contracts" for evaluation of work-in-progress performed for construction works in IFRS. For this reason, IAS No. 2 entitled "Reserves" does not apply to the unfinished production of construction organizations.

Recognition of reserves as assets corresponds to the general criteria for recognition of financial statement elements defined in the Concept of IFRS and occurs in the presence of the following: transfer of ownership, the possibility of receiving economic benefits, the possibility of reliable evaluation.

Conclusion

In conclusion, it should be noted that there are many international standards for inventory accounting. However, our country mainly has NAS No. 4 entitled "Inventories", and we believe that it is necessary to improve some aspects of this standard based on the requirements of international standards.

In a number of cases, production enterprises attract debt funds for the purchase of goods and for the organization of the production process. Accounting for debt expenses is provided in IAS No. 23 entitled "Debt Expenses". In accordance with this standard, enterprises must capitalize reclassified assets, i.e. expenses related to production (purchase) that require time to prepare for use or sale, as a part of the initial cost of this asset.

From the point of view of IAS No. 23 "Borrowing expenses", reserves produced for a short period of time are not considered reclassifiable assets. Therefore, borrowing costs related to the purchase of stocks that are directly produced or otherwise created on a regular basis in large quantities cannot be capitalized.

The following are not included in the cost of reserves according to IAS No. 2 entitled "Reserves":

excess losses of raw materials, labor and other production costs;

storage costs;

costs not related to bringing stocks to their current location;

selling expenses.



The listed expenses should be immediately included in the current expenses of the reporting period.

Inventory costing is a difficult process for inventory groups such as work-in-progress and finished goods. In this case, determining the cost of reserves can be done using the normative method or the retail price method. The normative method envisages consideration of the sold products based on the normative consumption of material and labor resources spent on each product. The method based on retail prices allows you to calculate the cost of goods for which the sales value and the sales mark-up are known.

The principle of mutual compatibility of income and expenses of the reporting period should be used in the formation of the cost of sales in MHHS, that is, the book value of the sold reserves should be recognized as an expense in the period in which the corresponding income is recognized.

The methods of estimating the unit of reserves when they are put to use are used in accounting and include the following:

according to the value of the first purchased stocks;

at the average cost based on the average value of stock balances at the beginning of the year and the value of purchased stocks;

according to the individual assessment of the current costs.

The procedure for accounting and disclosure of information on changes in accounting policies, the procedure for accounting changes and correction of errors in accounting policy, No. 8 "Accounting policy, changes and errors in accounting estimates" regulates selection and modification criteria. As a result of the uncertainties inherent in economic activity, in most cases, many items of the financial statement cannot be accurately estimated, but can only be estimated. The calculations contain conclusions based on the most recent, open and reliable data.

In particular, calculations may be required in the event that stocks become obsolete. The use of reasonable accounting estimates is an important part of the preparation of financial statements and does not reduce their reliability. A settlement estimate may require revision if the underlying circumstances change or as a result of new information or experience. In essence, the revision of the settlement price will not be related to previous periods and will not be considered a correction of an error. It should be noted that in the case of obsolete reserves, their value can be adjusted after the end of the reporting period, and this is regulated by IAS No. 10 entitled "Events after the end of the reporting period". In addition to obsolescence, the sale of stocks that occurred after the reporting period is also the basis for making an adjustment. This situation can serve as a source of information about their net sales value at the reporting date.

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